GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2874
ANSWERED ON:07.12.2001
MUTUAL FUNDS
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Will the Minister of FINANCE be pleased to state:

(a) whether SEBI is going to implement several measures to make mutual funds more transparent;

(b) if so, the details of the measures taken or likely to be taken in this regard;

(c) whether any special programme is likely to be launched for the education of agents who are selling mutual funds; and

(d) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a) & (b) The Securities & Exchange Board of India (SEBI) has introduced several reforms from time to time to make the operations of mutual funds more transparent. These requirements include: strengthening of disclosure standards; that two-thirds of the trustees and 50% of directors of the Asset Management Company (AMC) should be independent; disclosure of NAVs on a daily basis in case of open ended schemes and on a weekly basis in case of close-ended schemes; publishing of unaudited half-yearly results in a prescribed format; AMCs to maintain records in support of each investment decision; guidelines for investment/trading in securities by employees of mutual funds and the mutual funds to disclose large unit holdings in their schemes.

(c) & (d) With effect from November 1, 2001, SEBI has madeit mandatory for all mutual funds to appoint agents/distributors certified by the Association of Mutual Funds in India (AMFI)Existing agents/distributors are expected to pass the certification programme by March 31, 2003.